

2021

Travis County Auditor's Office Review of Travis County Sheriff's Office Abandoned Vehicles and Livestock Account

**Travis County Auditor's Office
Risk Evaluation and
Consulting Division**

November 30, 2021

TRAVIS COUNTY
AUDITOR'S OFFICE

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To: Sally Hernandez
Travis County Sherriff

From: Patti Smith, CPA
Travis County Auditor

Date: November 30, 2021

Subject: Abandoned Vehicle and Livestock Review

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division (REC) of the Travis County Auditor's Office has completed a review of the Sheriff's Office Abandoned Vehicles and Livestock Account. We conducted our review in accordance with the applicable statutes governing the County Auditor's Office, and those relating to County financial and accounting protocols. As a result of our review, we are providing this report detailing our findings and recommendations.

BACKGROUND

The Travis County Sheriff's Office (TCSO) serves as the primary law enforcement agency for the County, with jurisdiction on civil and criminal cases. In addition to their primary law enforcement duties, they are responsible for abandoned vehicles and livestock in the County. There are three divisions within TCSO that have abandoned vehicles and livestock responsibilities: Finance, Estray and Impound. Their duties include storing vehicles and animals, caring for animals while in custody and managing the auction process.

Fees for the various services performed for these functions are assessed, collected, and utilized by the TCSO. Although Agriculture Code Chapter 142, Health and Safety Code Chapter 821 and Transportation Code Chapter 683 are the primary Texas statutes for these functions, there are applicable sections in other statutes as well. The abandoned vehicle and livestock fund is used for expenses associated with impounded vehicles and animals. These expenses include, but are not limited to towing, storage facilities, auction commission, food, veterinary, and supplies.

The Finance Division is responsible for receiving the collections and processing the deposits it receives from estray and impound units. The Finance Division also enters/receipts all assessed fees

and disburses applicable payments. In addition, this division prepares monthly departmental financial statements and bank reconciliations for the Abandoned Vehicles and Livestock Account.

The estray unit is responsible for protecting all estray from harm, theft or from roaming at large. In a case where the owner cannot be located, the estray unit will impound the animal. When an animal is impounded, the estray unit is responsible for the care of the animal until it is claimed by owner or auctioned. They enforce all applicable laws to safeguard the welfare of the public and the estray. The estray unit also collects fees and remits those funds to finance.

The impound unit is responsible for ensuring compliance with all state and federal laws and regulations for the towing and storage of non-consent law enforcement towing in the unincorporated areas of Travis County. Impound unit also collects fees and transports those funds to finance.

METHODOLOGY

Our review methodology was based on applying sampling procedures to office records and on verbal and written representations from the Sherriff's Office. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the abandoned vehicles and livestock financial statements, records, and controls that might signify material weaknesses or misstatements. Regarding the written and verbal representations made by the Sherriff's Office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SCOPE

This review scope included an assessment of the adequacy and effectiveness of the overall system of financial controls in place for the Sherriff's Office Abandoned Vehicles and Livestock account during the period July 1, 2020, to June 20, 2021. This review included examinations of the overall internal controls in place for fee assessment, account receivables and payables, disbursements, general ledger, internal/external reporting, and cash handling.

SUMMARY OF FINDINGS

We noted relatively minor control issues related to receipts and deposit timeliness.

EXAMINATION TEAM

Angel Candelario, Senior Auditor
Ely Allen, Staff Auditor
Frank Williams, Staff Auditor

CLOSING

This report is intended solely for the information and use of your office and the Commissioners Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Sheriff's Office during this examination. Please contact us if you have any questions or concerns regarding this report.

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David Jungerman

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David Jungerman, CIA
Chief Assistant County Auditor II
Risk Evaluation & Consulting Division

DocuSigned by:

Patti Smith

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Patti Smith, CPA
Travis County Auditor

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Examination File

Issues Noted

Miscellaneous control issues:

Deposits

During the review period, 132 deposits containing 304 receipts were remitted to the bank. We reviewed all of these items, noting the following:

- 74 of 304 receipts were deposited six or more days after the receipt date.
- Four of 132 deposits on the deposit report cleared the bank six or more days after the deposit date.

Receipts

We obtained the Customer Transaction by Sales Receipt report from the Finance Division. The report contained 353 transactions, which we reviewed and noted four exceptions from the following receipts:

- One wrecker reimbursement receipt (#765930) totaling \$275 was deposited on December 7, 2020, into the Abandoned Vehicle and Livestock account. Per Sheriff's Office Finance Division, wrecker reimbursements are to be remitted to the Treasurer and are not AVL related.
- For three Gaston & Sheehan Auctioneers receipts (#766509, 767588 & 767835) totaling \$11,025.15, the invoices provided with the receipt support stated Gaston & Sheehan's online auctioneer service fee was 7.0%.

Significance

In order to help safeguard funds from loss or misappropriation, funds on hand should be deposited with the County's depository as quickly as possible after receipt. To ensure funds are properly accounted for, controls should be implemented to ensure funds are deposited into the proper bank accounts.

Per Contract No. 4500000250, according to SAP, the last modification (4) states, "*The above referenced Contract is hereby modified to exercise the option to extend the contract for the first of three (3) one (1) month extension periods. Effective September 1, 2019, the Term of Contract as shown on the Contract Award document is changed from September 1, 2015, through August 31, 2019, to September 1, 2015 through September 30, 2019.*" In addition, according to the Contract, *Online Auctioneer Service Fee for All Merchandise Sold on Gaston & Sheehan's Online Site at www.TxAuction.com: 6.5%*. For the three invoices notes above, the differential between a 7% and 6.5% commission rate totaled \$89.64.

Recommendation

We recommend that funds received be deposited by the next working day after receipt and that the Sheriff's Office remit the \$275 in wrecker reimbursements to the Treasurer.

We also recommend the Sheriff's office determine if a new contract has been awarded to Gaston & Sheehan's, which would reflect the new 7% service fee. If a service fee of 7% has not been

awarded, we recommend the Sherriff's Office recover the excess commission the Sheriff's Office was charged.

Management Response:

The Finance Office of the Travis County Sheriff's Office has reviewed the audit findings of the Travis County Auditor's Office related to the examination of the TCSO Abandoned Vehicles and Livestock account (Examination #12-17, included by reference).

In response to the examination findings and recommendations,

- TCSO recognizes the prudence of depositing funds in a timely fashion and will ensure Funds are deposited in accord with TCSO Finance policy timelines. These timelines were impacted by the Covid pandemic which limited the ability to make deposits on a daily basis.
- TCSO will revisit the auction service fee going forward.

With the implementation of these changes, I believe we have addressed the comments raised as a result of this Examination.